



HOW CHICAGO MET THE UNEMPLOYMENT PROBLEM OF 1915¹

C. R. HENDERSON

Chairman of the Chicago Industrial Commission

On January 22, 1912, His Honor Carter H. Harrison, mayor of Chicago, at the suggestion of the chairman of the Executive Committee of the United Charities, sent a communication to the City Council of Chicago requesting it to authorize a commission to study and report on the whole subject of unemployment and to make such recommendations as might suggest themselves for the amelioration of existing conditions.

The City Council acted on the request of the Mayor and authorized and directed the Mayor to appoint a committee consisting of five members of the City Council, and ten other citizens of Chicago, to make necessary investigation and report recommendations.

The commission held its first meeting February 24, 1912, and at once undertook the investigation of seven subjects: the nature and extent of unemployment, employment bureaus, immigration, vocational guidance, adjustment of employment, emergency relief, and the repression of vagabondage.

Each of the subcommittees, with the help of specialists, studied a particular phase of the problem and reported back to the Commission on Unemployment.

On May 25, 1912, the commission unanimously recommended a law for the reorganization of the free state employment bureaus. This law was afterward approved by the Judiciary Committee of the City Council of Chicago and recommended to the legislature.

In the autumn of 1914, the City Council established another commission, called the City Markets Commission. It made another investigation of the situation at that time and came to

¹This summary was dictated by the author after the beginning of the illness which proved fatal.—A. W. S.

practically the same conclusions as those reached by the previous Commission on Unemployment. It recommended further that the City Council establish still another commission, whose function it would be to advise the Mayor and City Council in regard to further measures, and especially to do what was possible to meet the present crisis by stimulating private employers to employ as many men as possible, either by introducing the part-time system or by anticipating the work which would be required later in the ordinary process of business.

The Industrial Commission during the winter of 1914-15, in co-operation with the existing free state employment bureaus and the Department of Public Welfare in the Chicago municipal government, has been able by vigorous canvassing to secure temporary or permanent work for a considerable number of the unemployed. The co-operation was friendly and helpful, although it revealed some defects in existing machinery of the employment agencies.

It was suggested to this Industrial Commission that it follow the traditional method used in this city in 1893-94 and at subsequent periods of stagnation in business. At first the Industrial Commission accepted this task, but as soon as it consulted leading business men of the city in regard to the policy of raising \$500,000.00 to mitigate the suffering for a few weeks until the general industries should revive, it found practically universal antagonism to the plan. When it asked for contributions to this large sum of money, it was met by this answer: "Emergency relief work is to all intents and purposes simply passing the hat for a charity collection, and the public and private charities in Cook County are so well organized, that they can meet all charity cases and prevent extreme suffering." And this claim was founded on fact. The United Charities, co-operating with about seventy-five other agencies, has shown that the labor of over twenty years in building up a good organization and central registration of cases has proved the wisdom of keeping up a thorough district organization with a trained staff. The public has supported the regular organized charities, so that we are prepared to show that no family need to be evicted from its dwelling or suffer from hunger and cold on account of inadequate funds or

imperfect organization. Therefore, it was wasteful to build up still another charitable organization dependent upon the gifts of exactly the same people who were supporting the regular charities.

Furthermore, the United Charities and some of the other principal agencies had already been carrying out their policy of giving relief wages in return for useful work performed, so far as possible, and it was not good policy to charge charity funds with the expense of duplicating this plant and machinery by adding still another emergency relief work.

Furthermore, these leading business men of the city said that the task was too great for private charity and that the responsibility rests with the city, state, and federal governments, and that no other organization could venture to assume the responsibility of providing work for the vast numbers of persons who were involuntarily out of work.

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leading business men, when told of it at least for once in his life to agree with the Socialists, and thought their view subject.

He asked the Mayor to appoint one to represent all of the great interests of the city for conference and to give their voice the members of this conference, and said that the emergency relief was the way of undertaking the task.

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The trades unions and Socialists held meetings at the highest point of stress and protested against the emergency relief fund and all that it implied. One of the leading business men, when told of this action, said that he was glad at least for once in his life to agree with organized labor and with the Socialists, and thought their view was thoroughly sound on this subject.

The Industrial Commission asked the Mayor to appoint one hundred other citizens, representing all of the great interests of the community, to meet with them for conference and to give their opinion. Without a dissenting voice the members of this conference expressed the same convictions, and said that the emergency relief method was not a really serious way of undertaking the task.

After this study and conference, the Industrial Commission sent a communication to the Mayor and to the City Council urging them first of all to secure legislation if possible from the state General Assembly then in session, to bring up the free state employment bureaus to a good modern standard as the starting-point of the new system.

It urged that a law should be passed which would place this work under the merit system of appointment and promotion; free it from partisan influences; specify the qualifications of the executive officers; and protect the employee from the spoilsman.

It urged that sufficient means should be provided for carrying out in a thorough way the purposes of the offices, and that the board of managers representing the interests of business and labor should have charge of the whole matter.

The Industrial Commission also recommended that this board of managers in charge of the state employment exchanges should be required by law to make all possible efforts to persuade the great employers of labor, including corporations, county, city, and state government and the federal government, to adjust their contracts and schemes of public work so as to avoid unemployment in the future, as far as possible.

This idea of course was not new, but the creation of an organ for making it effective seems to be somewhat novel. It would make it the definite duty of a public body to make an honest attempt to provide employment on a very large scale, not merely to mitigate suffering, but actually to prevent unemployment.

All of the commissions mentioned above came to the conclusion that unemployment insurance ought to be introduced at the earliest possible moment, so that when the next great crisis comes in the life of the unemployed and their families, a fund would be available to meet the more urgent demands of existence. This business also, it was suggested, should be placed in the hands of the same board which manages the free state labor exchanges.

One of the most interesting and instructive lessons of this bitter winter has been that the so-called "hard-headed" business men, the trades unions, the Socialists, and the academic theorists in the field of social legislation in this great industrial state and city have by various routes met in agreement under the pressure of necessity.

The disappointment which has followed all previous plans of dealing with the great problem by "passing the hat" has made a strong impression upon men of affairs. It is not good business. It is not a fair method of distributing the burden. It makes no provision whatever for preventing unemployment. It offers no way out of the difficulty which comes from lack of vocational training and guidance, and it leaves the great community with its millions of industrious people without any fund, except the charity fund, in times of regularly recurring industrial disaster.

This view of the vastness and difficulty of the problem was confirmed by the Mayor, who in explaining his rejection of one request of the commission (that for increase of public municipal works), said that the city itself did not have money enough to give employment to the throng of the unemployed; that it was too poor to keep people from starving by giving them work and paying them out of the public funds.

No more striking confirmation of the conclusions of the Industrial Commission could have been made. This commission has honestly declared its belief that the problem is too great for private charity. The Mayor now declares that it is too great for the resources of the second city of wealth and power of the richest country on earth—and in time of peace with us.

Evidently the next resource must be the state. But already instructed public opinion accepts the view that not even the commonwealth is competent to cope with the miseries caused by interstate and even international conditions of trade, transportation, and commerce. It seems reasonable to hope that this intense suffering has at last aroused the business world to a serious effort to grapple with the evil in some thorough and earnest fashion.

The conclusions of the Industrial Commission were reached by prolonged and honest effort of the members to look straight at the facts; to do all they could to mitigate immediate distress, and at the same time to evolve plans large enough in their scope to correspond with the immensity of the task.

Primarily the calculations which led to this conclusion were those of business men who are in the habit of undertaking tasks only when they know that they can command enough capital to make the enterprise successful. But it was also seen that these men were moved, not only by an economic motive, but also and strongly by a humanitarian sentiment, and by a profound and sincere consciousness of the social obligations of men of financial power.

The trades-union members of the commission were treated with perfect courtesy by the captains of finance in the same body, and the relations were friendly and frank throughout. Why should not this temporary experiment, in time of a crisis, lead to the organization of a permanent public body in which the situation will always

be discussed in the same spirit of patriotism, business wisdom, and moral earnestness?

The lesson has cost more than can be set down in figures, but it may after all offer compensation in a more thorough and complete social organization for dealing with that national pest, which corresponds in our day to the famine and black plagues of mediaeval times.

MEMBERS OF INDUSTRIAL COMMISSION

CHARLES R. HENDERSON, *Chairman*

JOHN E. MERRION

R. T. CRANE, JR.

W. L. PARK

EDWARD TILDEN (deceased)

JULIUS ROSENWALD

A. H. ATWOOD

JOHN GRUNAU

EDWARD NOCKELS

SIMON O'DONNELL

LOUIS B. KUPPENHEIMER

REPORT ON FUND PLAN

The Industrial Commission's report to the Mayor reads as follows:

"The Industrial Commission appointed by you has endeavored earnestly to carry out the purpose named in the ordinance creating the commission; that is, to stimulate employment of the unemployed by private citizens.

"We shall continue to work faithfully in this direction.

"We have used all available means of setting the facts before manufacturers, merchants, and householders. The response has been courteous and serious, but has not met the situation, and there is no immediate prospect of sufficient relief in that direction.

"While no complete statistics of unemployment exist, the reports of the Commission on Unemployment and of the Municipal Markets Commission, and the records of the public and private relief agencies reveal a widespread distress.

"Families which have no previous record of distress in great numbers are making appeals for charity. School physicians and inspectors report numerous cases of children unable to study because they are weak from hunger.

"We recognize the gravity and peril of the situation and the serious duty of the community.

"We had thought of asking the public to provide a large fund from private subscriptions that we might give some relief work and pay something in wages for labor in improving parks and cleaning streets.

"This emergency relief work with charitable funds is at best a sorry makeshift; it is a serious question whether it is a wise method. Generally it is wasteful. Often the results are disappointing.

"From our inquiries we have satisfied ourselves that the business community does not approve this plan and will not support it. This is also the advice of the committee appointed by Your Honor to confer with us on the subject.

"It is therefore the conviction of the Industrial Commission that the task is too great for a private committee which has no resources but those obtained by persuasion.

"We recommend to the city government the following policy:

"To enlarge municipal public works under a wise plan which will create permanent utilities for all the people—for example, improvement of parks, streets, roads, subways, etc.

"As soon as possible land owned by the city, county, and sanitary district could be used for growing food. Many persons could thus find profitable occupation and many a suitable trade. We are informed that plenty of good land in or near the city can be had without expense, and this could be put to use, some of it at once.

"We ask the mayor and council to unite with us in petitioning the legislature to assume its share of responsibility and provide immediately for useful public work on a large scale.

"To prevent at least in great measure a future recurrence of these periods of distress we call upon the city, county, state, and federal authorities to cooperate with the business world in a system of arranging plans and contracts for public work which will call for increased labor demand at seasons and in periods when regular business is depressed.

"We also call for systems of unemployment insurance by state or nation.

"We urge a better equipment of the state free employment offices on the plan recommended by the Chicago Commission on Unemployment, described in the bill for a law approved by that commission. This is urgent and is now before the City Council. This should form a part of a national system of employment exchanges."

THE COMMISSION'S BILL

A Bill for an Act to Relieve Unemployment in the State of Illinois, and to Establish a Free State Employment Exchange and to Repeal an Act Relating to Employment Offices and Agencies.

SECTION 1. *Be it enacted by the People of the State of Illinois, represented in the General Assembly:* That there shall be, as part of the Civil Service of the State of Illinois, a bureau to deal with the problem of diminishing the evils arising from lack of employment or casual or irregular employment of labor, to be known as the Illinois Free Employment Exchange.

SEC. 2. Said Free Employment Exchange shall be under the general supervision and control of a Board of Managers, to consist of five members, to be appointed by the Governor, by and with the advice and consent of the Senate, of whom two shall be representatives of employers, two representatives of organized labor, and one shall represent the public. Said members shall hold their offices for a term of five years, except that, of the members first appointed, one shall hold office for the term of one year, one for the term of two years, one for the term of three years, one for the term of four years, one for the term of five years, and all appointments thereafter shall be made for terms of five years. Said members of the Board of Managers shall serve without compensation, but each shall be allowed, for actual traveling expenses and other necessary expenses incident to their duties, not to exceed two hundred dollars per year, itemized accounts for which shall be submitted to and approved by the Auditor of Public Accounts before payment. Said Board of Managers may adopt a seal for said Exchange and may also adopt rules for the transaction of its business. A majority of their number shall constitute a quorum for the transaction of official business. They shall keep a record of their proceedings. The official seat of said Exchange shall be in the City of Chicago but they shall have authority to meet elsewhere in the State.

SEC. 3. Said Board of Managers shall appoint a general superintendent, who shall be selected and hold office in accordance with the Civil Service Law of this State, and who shall receive an annual salary of \$4,000.00. Such general superintendent shall be a person of managerial ability and experience as an administrator and shall have a practical and scientific knowledge of the problem of unemployment, and the Civil Service examination by which he shall be selected to the said position shall be open to every citizen of the United States and shall include an inquiry into his ability and experience in such matters and shall be such as to test whether the applicant has the said qualifications. Said superintendent shall, subject to said Board of Managers, have the general executive direction of the said Exchange. He shall reside in the City of Chicago.

SEC. 4. Said Board of Managers shall establish a central free employment exchange in the City of Chicago, and such number of branches in the City of Chicago and in other cities or localities of the State as they may from time to time determine to be advisable and as the Governor may approve. Subject to like approval, they shall have power to reduce the number of said branch or local offices, or to consolidate several offices into one, and for that purpose to make the necessary official changes. Each branch office shall be in charge of a business manager who shall be responsible and subject to the direction of the general superintendent. He shall be appointed by said Board of Managers and selected and hold office in accordance with the Civil Service Law of the State, and receive a salary not to exceed \$———. The clerical organization and office equipment of said central exchange and branch offices shall be determined by said Board of Managers in co-operation with said general superin-

tendent within the limits of the amounts appropriated for said service by the General Assembly. As far as practicable, separate rooms shall be provided in each office for male and for female or juvenile applicants for employment, and where there are several clerical employes in any office it shall be the policy of the exchange that at least one of said employes shall be a woman.

SEC. 5. Subject to said Board of Managers the general superintendent shall organize, in connection with each branch of said exchange, an advisory board of not more than five members, of whom one shall represent the general public and the others in equal numbers shall represent employers and organized labor. The members of said advisory board shall serve without compensation, and the functions of such advisory boards shall be determined by rules of said Board of Managers.

SEC. 6. It shall be the duty of the Illinois Free Employment Exchange to investigate the extent and causes of unemployment and the remedies therefor and to devise and adopt the most effectual means within its power to provide employment and to prevent distress and involuntary idleness, and for that purpose it shall have power to co-operate with similar bureaus and commissions of other States, with the federal employment office in the Department of Labor and with such municipal employment bureaus and exchanges as are now in operation or may hereafter be created.

SEC. 7. The Free Employment Exchange, through its central and branch offices, shall receive applications of persons seeking employment and applications of persons seeking to employ labor, and collect information and data regarding conditions of labor and employment in the State. Full records shall be kept of all applications received and positions secured. Provision may be made for handling separately the securing of employment for young persons, for persons unable to support themselves permanently in adequate manner, for ex-convicts and paroled prisoners, for unorganized migratory labor, and for such other classes of labor as may require special treatment. In connection with any of such classes of labor provision may be made for the keeping of special registers showing particulars regarding the age, nativity, trade or occupation of each applicant, cause and duration of non-employment, whether married or single, the number of dependent children or relatives, together with such other facts as may be required by said Board of Managers. Such special registers shall not be open to public inspection, but shall be held in confidence and the data shall be so published as not to reveal the identity of any person. Arrangements may be made with public and parochial school authorities under which juvenile applicants may be permitted to register their applications at the schools which they respectively attend, the registers of such applications to be transmitted to the Central Free Employment Exchange, and the said exchange shall otherwise co-operate with educational authorities in furthering the vocational interests of pupils and may organize special advisory boards for that purpose.

SEC. 8. All local or branch offices shall be in constant communication with said central exchange and shall co-operate with each other as directed by said central exchange. Reports shall be made to such central exchange as directed by the general superintendent. It shall be the duty of the general superintendent to place himself in communication with manufacturers, merchants, and other employers of labor and to use all diligence in securing the co-operation of said employers of labor with the purposes and objects of said employment exchange. To this end it shall be competent for such superintendent to advertise in the columns of newspapers or other mediums, for such situations as he has applicants to fill, and he may advertise in a general way for the co-operation of large contractors and employers in such trade journals or special publications as reach such employers, whether such trade or special journals are published within the State of Illinois or outside of the State. The like duties may be performed by the manager of each branch office subject to the direction of the general superintendent. The services of said exchange in securing employment shall not be withheld by reason of any strike or lockout, but full information shall be given to applicants regarding the existence of any such labor disturbance.

SEC. 9. It shall be the duty of the general superintendent to make report to the Board of Managers not later than December 10th, in each year, concerning the work of the exchange for the year up to October 1st of the same year. Such report shall be transmitted by said Board of Managers to the Governor, who shall submit it to the General Assembly.

SEC. 10. No fee or compensation shall be charged or received directly or indirectly from persons applying for employment or help through such employment exchange, and any manager or clerk or other employe of any of said officers or exchanges who shall accept directly or indirectly any fee or compensation from any applicant or from his or her representative shall be deemed guilty of a misdemeanor, and upon conviction shall be fined not less than \$25.00 nor more than \$50.00, or imprisoned in the county jail for not more than thirty days, or both fined and imprisoned as aforesaid.

SEC. 11. All printing, blank books, stationery, and other supplies that may be necessary for the proper conduct of the business of the offices herein created or authorized to be created shall be furnished by the Secretary of State, upon request for the same signed by the general superintendent.

SEC. 12. An Act relating to employment offices and agencies, approved and in force May 11, 1903, as subsequently amended, is hereby repealed.

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